

THE COMMUNITY TRADE MARK AND DESIGN
COURT OF ALICANTE AND FORUM SHOPPING
REGARDING EUROPEAN COMMUNITY
INTELLECTUAL PROPERTY RIGHTS LITIGATION

By Aurelio Lopez-Tarruella Martinez* and
Fabrizio Miazetto**

I. INTRODUCTION

On September 1, 2004, the Community Trade Mark and Design Court of Alicante, Spain (hereinafter the Alicante CTM and CD Court), started to work on its first cases. This event was much anticipated by academics and law practitioners in this city for two reasons: first, the Spanish legislature had nominated the Court of Alicante as the only tribunal in Spain with jurisdiction in Community Trade Mark (hereinafter CTM) and Community Design (hereinafter CD) matters;¹ second, pursuant to the

* Assistant Professor in Private International Law, University of Alicante.

** Attorney at Law with Bardehle Pagenberg Dost Altenburg Geissler, Alicante, Spain, Associate Member of the International Trademark Association.

1. Article 91 of the Community Trade Mark Regulation (CTMR) and Article 80 of the Community Design Regulation (CDR) require the Member States to designate, in accordance with their national legislations, a limited number of first and second instance "Community Trade Mark Courts" and "Community Design Courts," which shall perform the functions assigned by the respective Regulations.

In order to comply with this obligation, the Spanish legislature amended Law 6/1985 of the Judiciary (*Ley Orgánica 6/1985 del Poder Judicial de 1 de Julio (Boletín Oficial del Estado)* (hereinafter *BOE*) No. 157 of July 2, 1985) amended by *Ley 8/2003 de 9 de julio para la Reforma Concursal, por la que se modifica la Ley Orgánica 6/1985, de 1 julio, del Poder Judicial*. (*BOE* No. 164 of July 10, 2003)), adding a new Article 86bis: "The mercantile courts in Alicante will have exclusive jurisdiction to hear and determine in first instance all lawsuits concerning infringement actions brought under EC Regulations 40/94 [...] and 6/2002 [...]. These courts, named 'Juzgados de Marca Comunitaria' [Community Trade Mark Courts], in the exercise of their competence, will extend their jurisdiction to the entire national territory."

Likewise, according to Article 82(4): "[...] the boards of the Provincial High Court of Alicante specialised in what the preceding paragraph establishes, will hear and determine, in second instance and with exclusive jurisdiction, all appeals referred to in Article 101 of Regulation 40/94 [...] and Regulation 6/2002 [...]." Despite the fact that this provision designates the Alicante courts as having exclusive jurisdiction both in CTM and CD matters, it names them *Juzgados* and *Tribunales de Marca Comunitaria*, i.e., Community Trade Mark Courts. This denomination should not be taken literally: it is merely a simplification. In fact, it is clearly stated that the courts of Alicante will be exclusively competent on Community Design disputes as well.

Therefore, in accordance with the preceding provisions, the courts in Alicante are the only ones in the Spanish jurisdictional system that can hear, in first and second instances,

Community Trade Mark Regulation (EC) 40/94² (hereinafter CTMR) and the Community Design Regulation (EC) 6/2002³ (hereinafter CDR), this court has residual jurisdiction to hear cases where none of the parties is domiciled or has an establishment in the European Union (hereinafter EU).

More than a year has passed since the creation of this specialized court and both trial and appeal levels of the Alicante CTM and CD Court have been very active.⁴

Taking these elements into account, it could be assumed that the Alicante CTM and CD Court is a good forum for CTM or CD matters in situations of forum shopping. However, this is not always true. As this article will explain, there are arguments in favour of filing a complaint with the Alicante CTM and CD Court as well as arguments against it.

This article will refer initially to the rules of international jurisdiction set out in the CTMR and the CDR. Then it will explain the most relevant factors litigants take into account when practising forum shopping in intellectual property litigation. These factors relate to both the organization and procedural rules of the Community Trade Mark and Design Courts and to questions of substantive and procedural law. Throughout the explanation of these factors, special attention will be paid to the weight they have in deciding whether to bring proceedings before the Alicante CTM and CD Court.

actions regarding the infringement and validity of Community Trade Marks and Community Designs as enumerated in Articles 92 CTMR and 81 CDR.

2. [1994] Official Journal of the European Community [hereinafter OJ] L 11/1, January 14, 1994.

3. [2002] OJ L 3/1, January 5, 2002.

4. As of September 2005, the following decisions were reported or were retrieved by the authors: Order of the Alicante CTM and CD Court of First Instance of October 4, 2004 (AC 2005/154); Order of the Alicante CTM and CD Court of First Instance of October 26, 2004 (AC 2004/2126); Order of the Alicante CTM and CD Court of First Instance of November 19, 2004 (AC 2005/95); Order of the Alicante CTM and CD Court of First Instance of December 17, 2004 (JUR 2005/54043); Order of the Alicante CTM and CD Court of First Instance of January 13, 2005 (AC 2005/155); Order of the Alicante CTM and CD Court of First Instance of January 14, 2005 (AC 2005/156); Order of the Alicante CTM and CD Appeal Court of March 23, 2005 (*Revista La Ley* of May 11, 2005, 15-16); Order of the Alicante CTM and CD Appeal Court of April 14, 2005; Judgement of the Alicante CTM and CD Court of First Instance of July 4, 2005; Judgement of the Alicante CTM and CD Court of First Instance of July 15, 2005.

II. INTERNATIONAL JURISDICTION IN COMMUNITY TRADE MARK AND COMMUNITY DESIGN DISPUTES AND FORUM SHOPPING

When a dispute related to a CTM or a CD acquires international character as a consequence of its connection with different legal systems (either because the parties are domiciled in different Member States, or because the infringement has been committed or threatened within the territory of another Member State), Community Trade Mark and Design Courts need to determine whether they have international jurisdiction to hear the case.

According to Articles 90 and 93 CTMR and Articles 79 and 82 CDR, apart from those cases in which the parties have agreed that a different competent court shall have jurisdiction (which is not a frequent occurrence), or in which the defendant enters an appearance before a different court, proceedings regarding validity or infringement⁵ shall be brought:⁶

- (a) when the defendant is domiciled or has an establishment in a Member State, before the courts of this Member State or before the *forum commissi delicti*, i.e., the courts of the

5. "Actions regarding the infringement and validity" are actually limited by Article 92 CTMR and Article 81 CDR to include: infringement actions and—if they are permitted under national law—actions in respect of threatened infringement relating to CTMs or CDs; actions for declaration of non-infringement of CTMs or CDs, if they are permitted under national law; actions brought to obtain compensation for matters arising prior to the date of publication of a CTM's registration, in accordance with Article 9(3) CTMR; actions for a declaration of invalidity of an unregistered CD; counterclaims for revocation or for a declaration of invalidity of a CTM pursuant to Article 96 CTMR; and counterclaims for a declaration of invalidity of a CD raised in connection with actions for infringement or threatened infringement. All other disputes are governed by the general rules of jurisdiction in Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ([2001] OJ L 12/1, January 16, 2001) and are not of exclusive competence of the Community Trade Mark and Design Courts.

6. A comprehensive explanation of the rules on jurisdiction in the CTMR can be found in Vincenzo Scordamaglia, *Jurisdiction and Procedure in Legal Actions relating to Community Trade Marks*, in Mario Franzosi (Coord.), *European Community Trade Mark* 368 (Kluwer, 1997); André Huet, *La marque communautaire: la compétence des juridictions des Etats membres pour connaître de sa validité et de sa contrefaçon*, *Journal du Droit International* [hereinafter JDI] 623 (1994); Manuel Desantes Real, *Comentarios a los Arts. 90 y ss*, in Alberto Casado Cerviño and María Luisa Llobregat (Coords.), *Comentarios a los Reglamentos sobre la Marca Comunitaria* 368 (La Ley, 2000) (2d ed.); Manuel Desantes Real, *La marca comunitaria y el Derecho internacional privado*, in Alberto Bercovitz Rodríguez-Cano (Coord.), *Marca y Diseño Comunitario* 225 (Aranzadi, 1996). An explanation of the CDR rules on jurisdiction is found in Guillermo Palao Moreno, *La protección internacional de los dibujos y modelos comunitarios*, 10 *Revista de propiedad intelectual* 65 (2001).

Member State in which the act of infringement has been committed or threatened;⁷

- (b) when the defendant is neither domiciled nor has an establishment in the EU, before the courts of the Member State in which the plaintiff is either domiciled or has an establishment or before the *forum commissi delicti*;
- (c) when none of the parties is domiciled or has an establishment in the EU before the courts of the Member State where the Office for Harmonization in the Internal Market (hereinafter OHIM) has its seat, i.e., before the competent courts in Spain or before the *forum commissi delicti*;
- (d) when there are several defendants and all of them have their domicile or establishment in different Member States, before the courts of any of these Member States "provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings."⁸

It should be mentioned that Articles 94 CTMR and 83 CDR provide an important difference in relation to the extent of the jurisdiction of the courts. On the one hand, the competent courts whose jurisdiction is based on the defendant's or plaintiff's domicile or establishment or the country where OHIM is located can hear cases of infringement committed or threatened within the territory of any of the Member States.⁹ On the other hand, courts whose jurisdiction is based on the *forum commissi delicti* can only hear infringements committed or threatened within the territory of the Member State in which that court is situated.

Under the CTMR and CDR, the Alicante CTM and CD Court, as the only competent court in Spain, may have jurisdiction in a higher number of cases than the rest of the Member States' courts: in contrast to these other tribunals, the Alicante CTM and CD Court can hear and decide claims in which neither of the two parties is domiciled or has an establishment in the EU.

These situations are not unusual in CTM and CD disputes; in fact, according to statistics published by OHIM, as of December 31, 2004, 37% of the registered CTMs (87,719 out of 237,660) and 22%

7. The *forum commissi delicti* jurisdiction, however, is neither available for actions seeking a declaration of non-infringement of a CTM or CD, nor for actions seeking a declaration of invalidity of an unregistered CD.

8. Article 6.1 Regulation 44/2001, applicable in accordance with Articles 90(2)(c) CMTR and 79(2)(c) CDR.

9. These courts also have jurisdiction to hear "acts within the meaning of Art. 9(3), second sentence, committed within the territory of any of the Member States."

of the CDs applied for (18,828 out of 84,478) have been filed by natural or legal persons not belonging to the EU. In particular, U.S. owners, who are typically prepared to litigate before the courts to safeguard their intellectual property rights, own more than 24% of the registered CTMs and 9% of the filed CDs.¹⁰

In these cases, the *forum commissi delicti* could also be competent, but it suffers the limitations of Articles 93(5) and 94(2) CTMR and Articles 82(5) and 83(2) CDR.

The existence of alternative rules of jurisdiction in the CTMR and CDR provides plaintiffs with room to choose in which court to sue. This is known as forum shopping: parties will go to the courts of those Member States that guarantee the most satisfactory results for their interests.¹¹ The EU legislature dislikes this practice and tries to impede it.¹² However, so long as it does not derive from any unlawful interpretation of the rules of jurisdiction or does not prejudice the defendant's due process rights, forum shopping is allowed.¹³

Under these circumstances, the Alicante CTM and CD Court "competes" with the rest of the Member States' Community Trade Mark and Design Courts to attract cases of international jurisdiction. In the following analysis, attention will be paid to the elements that litigants take into account when practising forum shopping in order to choose the courts in which to bring proceedings. This article will examine if these elements in the Spanish legal system ensure a satisfactory protection of the litigants' interests. Our analysis shows that Alicante is a good

10. Official statistics are published by OHIM on its website <http://oami.eu.int/en/office/stats.htm>.

11. Some scholars distinguish between "good forum shopping" and "bad forum shopping." In the first category, the plaintiff makes use of the alternative rules of jurisdiction provided by law to file the complaint before the courts that benefit him the most. In the second case, the plaintiff bypasses the rules on jurisdiction in order to file the complaint in the most beneficial forum. In this latter category, defendant's due process rights are harmed. See Frederick K. Juenger, *What's Wrong with Forum Shopping*, Sidney L. Rev. 5 (1994); Miguel Checa Martinez, *Fundamentos y límites del forum shopping: modelos europeo y anglosajón*, Rivista di diritto internazionale privato e processuale 521 (1998).

12. In this respect, Recital 30 of the CDR states, "The litigation system should avoid as far as possible forum shopping. It is therefore necessary to establish clear rules of international jurisdiction."

13. On forum shopping in IP litigation, see David Llewelyn, *Forum-shopping for Trade Mark Litigation in the Context of the Community Trade Mark Regulation*, Revue d'Affaires Européennes 38 (1999); Michael Golding, *Practical Guidance on Management of Litigation and Overview of European Union Forum Shopping*, from the INTA 2003 Leadership Meeting 1 (2003); J. Adams, *Choice of Forum in Patent Disputes*, European Intellectual Property Review [hereinafter EIPR] 497 (1995); James Fawcett and Paul Torremans, *Intellectual Property in Private International Law* 196 (Oxford University Press 1998).

forum in comparison with other Member States' Community Trade Mark and Design Courts.¹⁴

Although they are all related, these elements can be divided in two groups: those that concern the way the competent courts and the procedures before them are organized (Section III), and those that deal with questions of procedural and substantive law that may have a direct influence on the outcome of the process (Section IV).

III. ORGANIZATION AND PROCEDURE OF THE COMMUNITY TRADE MARK AND DESIGN COURT IN ALICANTE

The first group of elements that litigants should take into account when practising forum shopping in CTM and CD disputes includes, among other aspects, (A) the number of competent courts the Member States have designated, (B) the composition of the Alicante CTM and CD Court and (C) the length of the proceedings.

A. Number of Competent Courts Designated by Each Member State

According to Articles 91 CTMR and 80 CDR, each Member State shall designate a limited number of Community Trade Mark Courts and Community Design Courts.

All the EU Member States except Cyprus, Malta, Latvia and Hungary have officially designated Community Trade Mark Courts: Belgium, Luxembourg, The Netherlands, Denmark, Ireland, France, Austria, Portugal, Finland, Sweden, the Czech Republic, Estonia, Lithuania, Poland, Slovenia and Spain have each designated one Community Trade Mark Court of First Instance and one of Second Instance; Greece and Great Britain have designated two of each category, Slovakia three of each, Italy twelve and Germany eighteen.¹⁵

As for Community Design Courts designation, available official information shows that only eight countries have already officially designated them and communicated it to the European Commission: Denmark, the Czech Republic, Lithuania, The Netherlands, Poland, Ireland and Spain have each designated one Community Design Court of First Instance and one of Second

14. It is important to acknowledge that choosing a court through forum shopping depends on how attractive such choice is, not only for an IP rights owner, but also (and we would say mainly) for the local counsel, *i.e.*, the attorneys of the country of origin of the rights owner or the European corresponding attorney, if the IP owner is from outside the EU.

15. Information available online at <http://oami.eu.int/pdf/mark/ctmcourts.pdf>.

Instance; Slovenia has designated three of each category; Great Britain has designated three Community Design Courts of First Instance and two of Second Instance.¹⁶

The decision of the Spanish legislature to designate the Court of Alicante as the single Community Trade Mark and Community Design Court within the Spanish jurisdictional system poses significant advantages for choosing Alicante's forum in the case of a forum shopping situation. This is because, in one-court systems, litigants avoid the need to consult the national rules on internal jurisdiction of the Member State to determine the competent court within the jurisdictional system where they have to file the claim. Furthermore, the fact of dealing with a single national court competent in CTM and CD infringement actions should ensure uniformity in the application and interpretation of the CTMR and the CDR. Predictability of decisions is therefore reinforced.¹⁷

Single specialised courts face some disadvantages but, in our opinion, none of them seems to outweigh the advantages. First, multiple-court systems are preferable to single-court systems insofar as competition existing between the courts of the same judicial system undoubtedly enhances the quality of the decisions. However, this point only applies when discussing national issues and, specifically, territorial rights. The perspective changes in litigation concerning CTM and CD rights, where the European system already provides a multiple-court system, even if at a supranational level.

Second, single specialised courts may face the inconvenience of being saturated by a huge workload that would result in a slowing of the proceedings. This could particularly be true when the single specialised court is competent both on CTM and CD issues, as is the case of the Alicante CTM and CD Court. As we will see in the next section, the speed with which the courts are able to handle cases is a decisive factor to take into account when forum shopping, and this could diminish the attractiveness of the court among practitioners. The decisions that the Alicante CTM and CD Court have already rendered show that, up to now, proceedings

16. Information available online at <http://oami.eu.int/pdf/design/cdcourts.pdf>. This document does not include the designation of the Community Design Courts of Ireland and Great Britain. The information related to the designation of the courts in these two countries can be found online at www.irishstatutebook.ie and www.patent.gov.uk, respectively.

17. Tomas Norström, *Community Trade Courts in Sweden and Proceedings Before the Courts*, Speech in the European Trade Mark Judges' Symposium, Alicante (2003), available online at <http://oami.eu.int/en/office/ejs/ponen2003.htm>; International Bar Association Intellectual Property and Entertainment Committee, *International Survey of Specialised Intellectual Property Courts* (2004), available at http://www.comml-iba.org/attachment/articles/88/Final_International_IP_Survey_edited-clean_28-02-05.pdf.

have not experienced any backlog.¹⁸ However, if the amount of work increases, the Spanish government should foresee the creation of new chambers inside the Alicante CTM and CD Court.

*B. Composition of the Alicante CTM and CD Court:
Specialised Judges and Predictability of Decisions*

Another element that litigants take into account when practising forum shopping is the predictability of the decision the court will reach in the proceedings. There are three aspects that benefit predictability and the reliance of litigants on a court: first, the specialisation of the members of the court in the field of intellectual property law; second, the knowledge of these members of the relevant case law at the EU and national level; and third, the determination of the law applicable to the dispute. The first and second aspects will be discussed here while the third is treated in the second part of this article.

Intellectual property is a very complicated subject that requires almost exclusive specialisation both for attorneys and judges. The indiscriminate allocation of lawsuits relating to intellectual property rights to judges with little knowledge in this subject matter can give rise to surprising decisions that are not acceptable. Specialised lawyers deserve qualified decision makers.¹⁹ This is especially true for Alicante, and because this city was chosen as the seat of OHIM, an important group of specialist lawyers has settled in the city.

In principle, the judges appointed by the Spanish Judiciary Board as members of the Alicante Court are specialised in intellectual property. In order to be appointed to this court, the judges participated in a long and difficult selection process of the newly established "Commercial Courts"—to which the Alicante CTM and CD Court belongs—in which they demonstrated their knowledge and experience in commercial matters, including intellectual property law.²⁰ By having to deal with CTM and CD matters, the judges chosen for the Alicante CTM and CD Court will naturally enhance their previous "general intellectual property specialisation" into a concrete specialisation in CTM and CD law.

In this respect, the geographical proximity of OHIM should also help, given the positive attitude of all of OHIM's specialised

18. See, e.g., Orders of January 13 and 14, 2005 (*supra* note 4). In both of these Orders, the decision of the tribunal was issued within a month. See also the Order of November 19, 2004 (*supra* note 4) showing that provisional measures were ordered in less than one week.

19. Norström, *supra* note 17; Llewelyn, *supra* note 13 at 41.

20. Article 86bis paragraphs 1 and 4 and Article 82 paragraph 4 of *Ley Orgánica 6/1985* as amended by *Ley 8/2003*, *supra* note 1.

personnel in offering their help and advice for the benefit of the whole system, in particular to keep the judges updated and prepared on all relevant issues.

This considerable degree of specialisation of the judges will certainly attract CTM and CD litigation to the Court of Alicante.²¹

The other aspect to take into account when discussing predictability is the question of the knowledge by the members of the Alicante CTM and CD Court of the relevant case law. In considering this aspect, a distinction needs to be made among the case law of the European Court of Justice (hereinafter ECJ) and of the Court of First Instance (hereinafter CFI) and national case law.

On the one hand, when applying the CTMR and the CDR, the judges must bear in mind that these are Community Law legal texts. As a consequence: (a) Community Trade Mark and Design Courts must only rely on their national laws when the Regulations explicitly allow it;²² and (b) the provisions of the CTMR and CDR need to be interpreted in a way that is valid at the EU level. For instance, it has been reported that Community Trade Mark Courts in other countries have determined the existence of "likelihood of confusion" by taking into account their national market and not the Community market, even though the CTM must be (obviously) protected throughout the Community territory.²³ Such misinterpretation should be avoided by the Alicante CTM and CD Court.

An application of the Regulations that is coherent with EU Law can only be ensured if the Community Trade Mark and Design Courts follow the jurisprudence of the CFI and the ECJ. The work of these two judicial bodies regarding the interpretation of the provisions set out in the two Regulations (and specifically the CTMR) has been intense, creating an important jurisprudence that ensures legal certainty in this subject area. The existing decisions of the Alicante CTM and CD Court show that the judges have a good knowledge of this case law. In fact, they make a

21. Taking the example of the United States: it is reported that the great majority of litigants prefer to file trade mark cases in the federal courts instead of state courts because the former "have far more experience in adjudicating trademark cases than do the state courts." See David J. Kera and Jonathan Hudis, *Forum Shopping in Trademark Litigation in the United State* (1998), available online at <http://www.oblon.com/media/index.php?id=77>.

22. See, e.g., Article 97.3 CTMR: "Unless otherwise provided in this Regulation, a Community trade mark court shall apply the rules of procedure governing the same type of action relating to a national trade mark in the Member State where it has its seat."

23. See Verena von Bomhard, *CTM Courts Decision Practice*, 12 EIPIN Congress—University of Alicante, January 5-7, 2004.

number of references to the ECJ and CFI decisions.²⁴ This approach should reinforce the predictability of their judgements, and it would constitute, *in abstracto*, a good argument for choosing the Alicante CTM and CD Court when forum shopping is available.²⁵

On the other hand, the knowledge that the judges of the Alicante CTM and CD Court have of the national jurisprudence on CTM and CD matters is undeniable since they are the only ones with jurisdiction on the subject matter. This can be detrimental to the quality of the decisions. For instance, it could be difficult to convince the only specialised court in a territory that the jurisprudential line it is following is not the correct one and consequently it should apply corrective measures in a short time.

For the time being, this has proved to be true. One of the first controversial issues the court had to deal with concerned the possibility of joining CTM infringement claims with national trade mark infringement and unfair competition claims. In two decisions of January 2005,²⁶ the Court of First Instance's judges declined their jurisdiction on the ground that subject-matter jurisdiction of the Alicante CTM and CD Court is limited to "actions for infringement and validity" as set out in Article 92 CTMR. Fortunately, one of these Orders (*Autos*) was revoked by the Court of Appeal.²⁷ Although the members of the court could not rely on similar judgements of other Spanish courts, they considered that in accordance with general principles of procedural law established by the Spanish Supreme Court—the obligation of providing an efficient administration of justice—the Alicante CTM and CD Court must decide any other claims that are joined to the claim for infringement of the CTM or CD and have as their object the Community industrial property rights.

Thanks to this latter judgement, the problem of joinder of claims is adequately solved. However, in the Judgement of July 15,

24. In the Judgement of the Alicante CTM and CD Court of First Instance of July 15, 2005 (see *supra* note 4), there are references to seven judgements of the ECJ and two of the CFI.

25. In some specific cases, it is the diverging and not the uniform interpretation of the CTMR and CDR provisions or the CFI and ECJ case law that litigants take into account in choosing the competent court in which to file the complaint. For instance, a rightholder may be advised to choose a competent court that is more likely to find a likelihood of confusion between the marks due to the linguistic characteristics of that court's jurisdiction, whereas, if the court in fact followed the CFI and ECJ case law, the linguistic characteristics of that particular forum would not be taken into account, since the concept of the European "average consumer" would be applied. See Llewelyn, *supra* note 13 at 42; Bomhard, *supra* note 23.

26. Orders of the Alicante CTM and CD Court of First Instance of January 13 and 14, 2005 (see *supra* note 4).

27. Order of the Alicante CTM and CD Appeal Court of March 23, 2005 (see *supra* note 4).

2005,²⁸ the subject-matter jurisdiction question appeared again: the court gained jurisdiction in a case of an exclusive CTM licence when Article 92 CTMR does not provide for this. In our opinion, it is clear that, despite the lack of case law on this issue, the members of the court still need to provide a uniform answer to this question. One possible solution could be taken at the national level. For instance, the Spanish Parliament could amend the relevant legislation in order to extend the Alicante CTM and CD Court jurisdiction to all CTM and CD-related matters, including when they do not seem to fall under the provisions of Articles 92 CTMR and 81 CDR.

C. Duration of Proceedings

The timing of proceedings is certainly one of the most important elements litigants take into account when practising forum shopping:²⁹ in general (although the opposite case exists),³⁰ fast proceedings in intellectual property disputes are desirable because they are linked to specific situations existing in a specific period of time. Indeed, the owner's willingness to defend its intellectual property rights usually depends on the success the product is having in the marketplace. Particularly in design disputes, such products generally do not have a very long market-life. Furthermore, lengthy proceedings are always more expensive, which again implies that, in relative terms, the costs incurred by the rights owner could be higher than the economic benefits that could be derived from a successful action.

The possibility of having "fast decisions," *i.e.*, judgements rendered in a (comparatively) short period of time, depends on how flexible the Community Trade Mark and Design Courts are, the amount of personnel involved in the courts' daily work and their capacity to deal with large numbers of cases. It also depends on the procedural rules of each national system and on the existing backlog at the respective judicial bodies.

28. Judgement of the Alicante CTM and CD Court of First Instance of July 15, 2005 (see *supra* note 4).

29. See Llewelyn, *supra* note 13 at 41; Wolfgang Festl-Wietek Viering, *Infringement and Enforcement Issues: Procedural Aspects of a Community Trade Mark*, available online at <http://www.communitytrademark.org/advice/artikel/06-002.htm>.

30. We are referring, in particular, to the so-called Italian "torpedo." Infringers of patent rights ask for a declaration of non-infringement before the courts of Member States, such as Italy, in which the procedure can take a long time, for the sole reason of impeding rights holders from filing an action for infringement in other Member States. Among many others, see Mario Franzosi, *Worldwide Patent Litigation and the Italian Torpedo*, EIPR 382 (1997); Phillipe de Jong, *The Belgian Torpedo: From Self-propelled Armament to Jaded Sandwich*, EIPR 75 (2005).

In Spain, proceedings on CTM and CD disputes are governed by the Law of Civil Procedure 1/2000 (hereinafter LEC),³¹ which has deeply changed the so-called "ordinary trial" by giving preference to the "oral argument" as opposed to written formalisms in order to speed up the proceedings. Unfortunately, notwithstanding the legislature's intentions, we cannot say that Spanish courts are famous for their timeliness: this situation is indeed the result of the great backlog in courts all over Spain, which has hindered the natural development of the new (and faster) proceedings. Nonetheless, as it has been mentioned, for the time being, the Alicante CTM and CD Court has been able to handle its lawsuits swiftly.

IV. QUESTIONS OF PROCEDURAL AND SUBSTANTIVE LAW TO TAKE INTO ACCOUNT IN FORUM SHOPPING SITUATIONS

The second group of elements that litigants take into account when practising forum shopping is related to the questions of procedural and substantive law that have a direct influence on the possible outcome of the action: (A) provisional and precautionary measures, (B) the law applicable to the dispute and (C) the possibility of having the judgement recognized and enforced in other countries.

A. Provisional and Precautionary Measures

Provisional and precautionary measures are basic elements of the intellectual property protection system. As we have mentioned before, the main objective of plaintiffs when they go to court is to contain the infringements of their clients' rights as soon as possible. These measures guarantee, within their temporary and provisional application, an early and fast result.

In the majority of cases, entrepreneurs are not willing to accept the average length of proceedings. Infringements of intellectual property rights can have damaging effects on companies whose business activities depend on products that are present on the market for only a limited period of time because of the current "use and throw" consumer habits. For that reason, it is important to act as soon as possible.

However, any acceleration of the adoption of precautionary measures has its limits. There are principles and requirements such as transparency and due process rights that need to be

31. *Ley 1/2000, de 7 enero, de enjuiciamiento civil* (BOE No. 7 of January 8, 2000).

respected. A correct functioning of the precautionary legal system³² is essential in order to avoid a possible sacrifice of the principles that guarantee a "fair process."

Under the system designed by the EC Regulations, the courts where precautionary measures can be sought are not required to be the courts with jurisdiction to hear the principal proceeding.³³ According to Articles 99(1) CTMR and 90(1) CDR, application for these measures can also be made before the courts of the Member State where they have to be enforced. However, it has to be borne in mind that, in accordance with Articles 99(2) CTMR and 90(3) CDR, precautionary measures adopted by courts with jurisdiction on the basis of the defendant's or the plaintiff's domicile or establishment or of the country where OHIM is located can be enforced in any of the Member States, whereas measures adopted by courts having jurisdiction on the basis of *forum commissi delicti* can only be enforced within the territory of that Member State. This circumstance constitutes an attractive element in choosing the first category of courts as opposed to the *forum commissi delicti* courts.

The procedures to be followed by the Community Trade Mark and Design Courts in adopting these measures are not established by the CTMR and CDR. The rules that govern the application of the precautionary system depend on each Member State's procedural law. This implies that the flexibility and the speed with which the tribunals are able to grant provisional and precautionary measures may vary from one Member State to another. Consequently, the existence of a national system of precautionary measures that guarantee a quick and effective protection of the interests of the owners of CTMs and CDs is a very relevant aspect to take into account when forum shopping is available to litigants.³⁴

32. For the purposes of this article, we will refer to the "precautionary system" as comprehensive of provisional and precautionary measures in the framework of the whole legal system.

33. However, it is likely that the court where the precautionary measures are sought is most likely to become the one where the principal proceedings are also initiated.

34. An example of a provisional measure that can be attractive for forum shopping is the *Kort Geding* (summary proceeding) under Dutch Law. Since 1989 and during the 1990s, the President of the Patent Court in The Hague granted injunctions with extraterritorial effects (cross-border injunctions) in a very short time, without requiring that the defendant's domicile be in The Netherlands. Furthermore, there was no obligation to subsequently commence principal proceedings. Until the end of the nineties, the general rule in the rest of the Member States was that provisional measures could only be granted when the defendant was domiciled in the State. Because of that, the *Kort Geding* measure caused consternation. At least in the United Kingdom, "there was a fear The Netherlands would become the European centre for international infringement litigation, and that the Patent Courts in England [would] lose business." See Fawcett and Torremans, *supra* note 13 at 220; Paul Steinhauser, *Transnational Aspects of Trademark Litigation on the basis of*

Nonetheless, it is important to highlight that the new Directive 2004/48 on the enforcement of Intellectual Property Rights³⁵ aims to harmonise several issues related to the protection of intellectual property rights in the EU and especially those concerning the Member States' precautionary system. Recital 22 of the Directive's Preamble states:

It is [. . .] essential to provide for provisional measures for the immediate termination of infringements, without awaiting a decision on the substance of the case, while observing the rights of the defence, ensuring the proportionality of the provisional measures as appropriate to the characteristics of the case in question and providing the guarantees needed to cover the costs and the injury caused to the defendant by an unjustified request. Such measures are particularly justified where any delay would cause irreparable harm to the holder of an intellectual property right.

The importance that EU institutions give to the correct functioning of the intellectual property precautionary system of the Member States is self-evident. The harmonization of these legal issues in the EU will have favourable effects on the protection of intellectual property rights and, as far as forum shopping is concerned, will possibly decrease the relevance of the precautionary system in the long run.³⁶

As for the present situation, provisional measures that CTM and CD litigants can request before the Alicante CTM and CD Court are established in Article 134 of the Spanish Patent Law.³⁷ With regard to "freezing" orders, seizure of infringing products, etc., the procedure that must be followed can be found in Articles 721-734 LEC. According to the first provision, precautionary measures must be requested by the plaintiff. The defendant is then notified of this request and, within five days, the judge issues a court order summoning both parties to appear in court. At this hearing, which the judge must schedule within ten days from receipt of the notification (Article 734 LEC), the plaintiff must show the existence of the claim and the likelihood of success on the merits (*fumus boni iuris*) and prove that an infringement of that

National Trademarks, 5th FICPI Open Forum, Monte Carlo (1999), available online at <http://www.ficpi.org/library/montecarlo99/litigation.html>.

35. Directive 2004/48/EC of April 29, 2004 on the Enforcement of Intellectual Property Rights ([2004] OJ L 157, April 30, 2004).

36. According to Article 20 of the Directive 2004/48, the same must be implemented within 24 months after its adoption.

37. *Ley 11/1986, de patentes de invención y modelos de utilidad* (BOE No. 73 of May 26, 1998). This provision also applies to trade marks and other industrial property rights. See María Isabel Velayos Martínez, *El proceso ante los tribunales de marca comunitaria españoles*, 256 and ff (Thomson-Aranzadi, 2004).

claim is taking place or is imminent and that such infringement will cause irreparable harm (*periculum in mora*). Finally, within five days from the hearing, the judge decides whether or not to grant the requested measure. Adoption of the provisional measure therefore takes no less than 20 days.

A comparison of the Spanish precautionary system with those of other Member States reveals that the Alicante CTM and CD Court faces tough competition from other speedier and more flexible systems, such as, for example, those of Germany,³⁸ France (*le saisie conservatoire*) or The Netherlands (the *Kort Geding* procedure).³⁹ It can thus be presumed that CTM or CD litigants will go to the courts of other Member States when forum shopping is available if they are looking for a quick adoption of provisional measures to protect their clients' rights.

Nonetheless, the LEC offers the Spanish judges an exceptional mechanism to accelerate the grant of precautionary measures. This is the *ex-parte* or *inaudita altera parte* measure that is contained in Article 733(2) of the LEC:

[. . .], if the applicant applies for it and proves that there are urgent reasons or, if the previous hearing can jeopardize the good purpose of the precautionary measures, the Court will be able to grant it without proceedings and through an edict, in a five-days term, reasoning separately on the requirements of this precautionary measure and the reasons leading to its granting without hearing the defendant.

According to this provision, CTM and CD owners would be able to get a provisional measure in five days, placing the Spanish precautionary system on the same level as that of the quickest Member States' systems. Despite the fact that the availability of *inaudita altera parte* proceedings is provided by most of the Member States and that Article 9(4) of Directive 2004/48⁴⁰ and

38. According to Viering (*see supra* note 28), adoption of a preliminary injunction in Germany can take just two days under Article 921 of the German Code of Civil Procedure.

39. A comparison of the systems of provisional measures in general in the Member States can be found in Burkhard Hess, *Study No. JAI/A3/2002/02 on making more efficient the enforcement of judicial decisions within the European Union—Transparency of a Debtor's Assets—Attachment of Bank Accounts—Provisional Enforcement and Protective Measures* (2002). See also Peter Schlosser, *Jurisdiction and International Judicial and Administrative Co-operation*, 284 *Collected Courses of the Hague Academy of International Law* 156-75 (2000).

40. "Member States shall ensure that the provisional measures referred to in paragraphs 1 and 2 may, in appropriate cases, be taken without the defendant having been heard, in particular where any delay would cause irreparable harm to the right holder. In that event, the parties shall be so informed without delay after the execution of the measures at the latest."

Article 50(2) of the TRIPS Agreement⁴¹ require its adoption by all the World Trade Organization Members, the willingness and flexibility of the Alicante CTM and CD Court in granting these measures can be an important element in its favour in forum shopping situations. In this respect, three comments need to be made.

First, the "urgent reasons" required for using the exceptional proceeding of Article 733(2) LEC are justified by the intangible nature of the infringed rights and by the fact that infringements on these rights are not usually attributed to a single specific act and take place during a specific period of time. If provisional measures are not quickly adopted to stop the production and distribution of the infringing products, the interests of the rights holder may be severely and irreparably harmed.

In two of the three resolutions on provisional measures that the Alicante CTM and CD Court has already issued, these "urgent reasons" were interpreted in a different manner.⁴² In the Order of October 26, 2004, the First Instance judge found that the plaintiff had not provided enough evidence of the *fumus boni iuris*, and thus the provisional measures were not granted. In our opinion, the elements that the judge required to be proven were excessive, taking into account the need to act quickly in order to protect the CD right. In fact, the decision was revoked on appeal.⁴³ The second decision—Order of November 19, 2004⁴⁴—concerned the adoption of provisional measures to stop the commercialization of products under a CTM in a Spanish website without the consent of the right owner. In this case, the judge considered that the global nature of the Internet could have irreparable effects on the infringement of the intellectual property rights. Therefore, he rapidly ordered the defendant to refrain from using the trade mark and the Internet Service Provider to block access to the website from any Member State of the EU.

Second, the judges of the Alicante CTM and CD Court should distance themselves from the general practice followed by the other Spanish courts in not granting precautionary measures in national trade mark cases when the title on which the petition is

41. "The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed."

42. In the Order of October 4, 2004 (*see supra* note 4), the requirements for the adoption of the provisional measure were not discussed in so far as the judge declined jurisdiction.

43. *See supra* note 4.

44. *Id.*

made is not yet registered.⁴⁵ As far as CTMs are concerned, the examination of absolute grounds for refusal is prior to the trade mark's publication (as per Article 40 CTMR in combination with Article 38 CTMR). This means that, once the three-month opposition term has expired, the CTM could very well be considered as practically granted (even if some months have to pass until the CTM is officially registered and published), and the applicant already has a strong right (which has an effect on the evaluation of the *fumus boni iuris*). This is true even if the CTMR seems to contradict the principle that "the rights conferred by a Community Trade Mark shall prevail against third parties from the date of publication of registration of the Trade Mark [...]" (Article 9(3)). Actually, this only refers to the main proceeding ("[t]he court seized of the case may not decide upon the merits of the case until the registration has been published") since there is a provision that expressly establishes the possibility of applying for provisional measures "in respect of a Community Trade Mark or Community Trade Mark application" (Article 99 CTMR).⁴⁶ This interpretation is already followed in other Member States such as Italy⁴⁷ and Portugal.⁴⁸

Finally, a higher degree of flexibility does not imply that the rights of the defendant can be harmed because, first, Article 739 LEC authorises the defendant to oppose the *ex-parte* measure within the twenty days following its adoption. Second, in order to avoid the consequences deriving from a measure that is later held to be unjustified, the petitioner can be obliged to post a bond (Article 737). Third, because Article 726(2) LEC "disassociates" the judge from his decision on the precautionary measure, the adoption of the precautionary measure does not prejudice the final decision.

B. The Law Applicable to Matters Not Governed by the Community Regulations

The law that courts will apply to the dispute if the claim is brought before them is another element litigants take into account when practising forum shopping.

45. See Ricardo Alcaide Díaz-Llanos, *La protección jurisdiccional de la marca*, 229 (2d ed. 2003).

46. In addition, Article 9(3) CTMR also provides that "reasonable compensation may, however, be claimed in respect of matters arising after the date of publication of a Community trade mark application, which matters would, after publication of the registration of the trade mark, be prohibited by virtue of that publication."

47. See the judgement of the Court of Modena of July 9, 1997, in the *Spice Girls* case.

48. See Maria José de Almeida Costeira, *Portugal Report on Provisional Measures Under Article 99 CTMR*, [2003] OAMI Official Journal, Suppl. 1.

At first glance, the existence of a unique set of rules for CTMs and CDs may lead one to believe that this factor has no relevance in disputes related to these rights. According to Articles 97(1) CTMR and 88(1) CDR, in international situations, Community Trade Mark and Design Courts shall apply the provisions of the respective Regulations.

However, not all the questions arising in these disputes are covered by these legislative schemes. The Regulations, for example, do not regulate the actual finding of infringement by the court and all the remedies and measures available to the rights owner as a consequence of finding infringement.⁴⁹ According to Articles 97(2) and 98(2) CTMR and Article 88(2) CDR, in order to determine the law applicable to these questions the courts shall apply their national law, including their private international law.

Therefore, the law applicable to the dispute is indeed an important element to take into account when practising forum shopping in CTM and CD litigation: the parties would rather bring proceedings before the courts of a Member State whose conflict-of-law rules imply the application of a law that ensures easier proof of infringement or higher compensation to the rights owner.

The Member States' conflict-of-laws rules generally provide that the applicable law to the obligations deriving from the infringement of industrial property rights is the *lex loci protectionis* (that is, the law of the country in which protection is sought) or the *lex loci delicti commissi* (the law of the country where the infringement occurred). Accordingly, in a case where infringement of a CTM has occurred in Italy, the court will apply Italian law⁵⁰ to regulate those questions excluded from the scope of application of the CTMR and CDR.

In the Spanish legal system, the applicable law to the protection of industrial property rights is established in Article 10.4 of the Spanish Civil Code⁵¹ which states: "[i]ntellectual property rights shall be protected in the Spanish territory according to the Spanish law [. . .]." There are at least two possible interpretations of this rule although neither of them is supported by a consolidated case law.

The first one is that, regardless of the place where the infringement of the CTM or CD occurred, any dispute brought before the Court of Alicante is governed by Spanish law in so far as protection is claimed "in the Spanish territory." Therefore, if a case of infringement of a CTM that occurred in Italy is brought before

49. See Real, *Comentarios a los Arts. 90 y ss, supra* note 6, at 890.

50. See Article 62 paragraph 1 of the Italian Private International Law Act No. 218/1995, available at <http://www.uaipit.com/>.

51. Código Civil (*Gaceta de Madrid* of July 25, 1889).

the Alicante CTM and CD Court, this interpretation would lead to the application of the Spanish law to questions excluded from the scope of application of the CTMR because protection is claimed within Spanish territory.

The second interpretation is that Article 10.4 of the Spanish Civil Code is an incomplete conflict-of-laws rule. It establishes that Spanish law is applicable when the act of infringement of the CTM or CD right has occurred in Spain and, therefore, such right needs to be enforced within the Spanish territory. However, it does not establish what law applies when the act of infringement of the intellectual property right is committed within the territory of another country. Thus, in the previous example, the Court of Alicante would not be able to know which law to apply for those questions that are excluded from the scope of application of the CTMR or CDR.

Spanish scholars support this latter interpretation⁵² because it is more coherent with the principle of territoriality that inspires this field of the law. In order to solve the problem that derives from its incomplete character, Article 10.4 of the Spanish Civil Code needs to be "bilateralized": if the protection of intellectual property rights in the Spanish territory is governed by Spanish law, the protection of intellectual property rights within the territory of another Member State should be governed by the law of that State.

Notwithstanding the scholars' interpretation, the referral by the CTMR and CDR to national private international law rules and the incomplete character of the Spanish conflict-of-laws provision create legal uncertainty because CTM or CD owners cannot anticipate which national law the Alicante CTM and CD court will apply if the claim is brought before it.⁵³ This circumstance reduces the attractiveness of the Court in situations of forum shopping; the parties may be inclined to bring proceedings in the court of another Member State whose private international law rules are more predictable and provide a foreseeable solution.

To avoid this consequence, the Court of Alicante should adopt the interpretation of Article 10.4 of the Spanish Civil Code supported by the Spanish scholars, which follows the *lex loci protectionis* and the *lex loci commissi delicti* approaches adopted in

52. See Javier Carrascosa González, *La propiedad intelectual en el Derecho internacional privado español*, 99 (Comares, 1994); Miguel Virgos Soriano, *Capítulo V: Las cosas y los derechos reales*, in AAVV, *Derecho internacional privado, Parte Especial*, 271-80, (6th ed. Eurolex, 1995).

53. Evidence that Spanish judges can misunderstand Article 98(2) CTMR is found in José Ramón Ferrandiz Gabriel, *Report of Spain on Provisional and Protective Measures Within the Meaning of Art. 99*, [2003] OAMI Official Journal, Suppl. 1.

other legal systems and is respectful of the laws of other Member States. In those cases where the Alicante CTM and CD Court will hear a case of infringement of a CTM or CD that has been committed in another Member State, it will apply the law of that other Member State with regard to those aspects excluded from the scope of the Community Regulations.

If this interpretation were applied by the Alicante CTM and CD Court within a short period of time, CTM and CD litigants would have a sufficient degree of legal certainty when bringing proceedings before that court.

To conclude this chapter, it must be mentioned that the EU institutions are working on a Proposal for a Regulation on the law applicable to extra-contractual obligations (Rome II Regulation).⁵⁴ Article 8.2 establishes a special conflict-of-laws rule for Community industrial property rights:

In the case of a non-contractual obligation arising from an infringement of a unitary Community industrial property right, the relevant Community instrument shall apply. For any question that is not governed by that instrument, the applicable law shall be the law of the Member State in which the act of infringement is committed.

As a consequence, its adoption would imply the repeal of Article 10.4 of the Spanish Civil Code,⁵⁵ eliminating the legal uncertainty that litigants in CTM or CD matters may have when they bring proceedings before the Alicante CTM and CD Court.

Furthermore, if the Regulation is finally adopted, the law applicable to the dispute will not be a factor to take into account in intellectual and industrial property litigation when practising forum shopping, because Article 8 of this Regulation Proposal standardises conflict-of-laws rules in all Member States so that the applicable law to the dispute will be the same regardless of the court where proceedings are brought.

C. The Possibility of Recognising and Enforcing the Decision in Other Countries

A final element that litigants take into account in forum shopping situations is the possibility of recognising and enforcing the future judgement in the foreign country where the defendant has its assets.

In certain cases, the adoption of a judgement is only the first step for a complete and satisfactory redress of CTM and CD

54. Doc COM (2003) 427 Final.

55. Pursuant to Article 2 of the Regulation Proposal: "Any law specified by this Regulation shall be applied whether or not it is the law of a Member State."

infringement. The assets of the defendant may be in a different country than the one where the decision is adopted. In these situations, rights holders need to ask for the recognition and enforcement of the judgement in that other State in order to obtain compensation for the infringement of their rights.

If the country where the defendant has its assets is a Member State, there are no significant problems in obtaining the recognition and enforcement of the judgement. In those cases, Regulation 44/2001 (the Brussels Regulation) applies. Chapter II of the Regulation establishes a simplified system in which the judge of the Member State where the enforcement is sought can only deny recognition if the judgement falls within one of the grounds set out in Articles 34 and 35.⁵⁶ In all the Member states where the Regulation applies,⁵⁷ this is not a factor to take into account in forum shopping cases since the same regime applies regardless of the Member States where proceedings are brought.

If the defendant has its assets in a country outside of the EU but one that is party to the Lugano Convention,⁵⁸ there are no great obstacles for the recognition and enforcement of a judgement in these countries either. Sixteen Member States of the EU as well as all the European Free Trade Area (EFTA) countries (Switzerland, Iceland and Norway) are parties to this Convention that incorporates a similar system to the one of Regulation 44/2001. With the exception of Poland, none of the fifteen new Member States has ratified this Convention to date because negotiations are being carried out to adapt its provisions as much as possible to the Brussels Regulation. The new Member States should adhere to the *new* Lugano Convention once it is finalized.

56. According to Article 34, "[a] judgment shall not be recognised: 1) if such recognition is manifestly contrary to public policy in the Member State in which recognition is sought; 2) where it was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; 3) if it is irreconcilable with a judgment given in a dispute between the same parties in the Member State in which recognition is sought; 4) if it is irreconcilable with an earlier judgment given in another Member State or in a third State involving the same cause of action and between the same parties, provided that the earlier judgment fulfils the conditions necessary for its recognition in the Member State addressed." In addition, Article 35 states that the jurisdiction of the court of the Member State of origin may not be reviewed except for those cases where Sections 3, 4 and 6 were applied or in the case provided for in Article 72.

57. The Regulation is not applicable to Denmark. However, the recognition and enforcement of judgements in civil and commercial matters in this country is governed by the Brussels Convention on Jurisdiction and the Enforcement of Judgements in Civil and Commercial Matters of 1968, [1998] OJ C 27, 26 January 1998 (Consolidated version), whose Articles 27 and 28 are similar to Articles 34 and 35 of Regulation 44/2001.

58. Lugano Convention on Jurisdiction and the Enforcement of Judgements in Civil and Commercial Matters of 1988, [1998] OJ C 27, 26 January 1998 (Consolidated version).

The situation is different when the assets of the defendant are in a third non-EU and non-EFTA country. In these cases, neither the simplified system of Regulation 44/2001, nor the Brussels Convention or the Lugano Convention is applicable. The recognition and enforcement of judgements in such third countries is governed by bilateral agreements between the Member State where the judgement has been issued and the third country or, in the absence of such agreements, by the national rules of recognition and enforcement of the third country. In these cases, when practising forum shopping, litigants should investigate which Member State has signed a bilateral agreement with the third country where the defendant has its assets, or the time and requirements needed for the execution of the judgement according to the national rules of the third state.

Efforts have been made in the framework of The Hague Conference of Private International Law to adopt a Convention on jurisdiction and foreign judgments in civil and commercial matters⁵⁹ that would eventually establish a unified international system of recognition and enforcement of judgements in intellectual property cases.⁶⁰ This would reduce the availability of forum shopping for litigants. However, the national delegations have not been able to reach an agreement yet. In March 2002, they decided to concentrate on a far less ambitious project, a Convention on exclusive choice of court agreements, which was adopted in June 2005.⁶¹ According to Article 2.2 (n) and (o), proceedings on the validity or the infringement of intellectual property rights other than copyright or related rights are excluded from the scope of application of the Convention "except where infringement proceedings are brought for breach of a contract between the parties relating to such rights, or could have been

59. The latest Preliminary Draft (October 1999) is available at http://hcch.e-vision.nl/upload/wop/jdgm_drafte.pdf. For more information about the Convention, see Arthur T. von Mehren, *La rédaction d'une convention universellement acceptable sur la compétence judiciaire internationale et les effets des jugements étrangers: Le projet de la Conférence de La Haye peut-il aboutir?* 90 *Revue critique droit international privé* 85 (2001); Andreas Bucher, *Vers une convention mondiale sur la compétence et les jugements étrangers*, 2 *La Semaine Judiciaire*, 79-118 (2000).

60. The implications of the Convention for intellectual property matters are explained in Prel. Doc. No. 13 of April 2001, *Report of the experts meeting on the intellectual property aspects of the future Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters* (Geneva, February 2001), available online at <http://hcch.e-vision.nl/upload/wop/jdgmpr13.pdf>. See also Annette Kur, *International Hague Convention on Jurisdiction and Foreign Judgments: A Way Forward for I.P.?* EIPR 175 (2002). Because of the particular problems that intellectual property issues entail, a group of experts submitted an alternative proposal to this convention in the framework of the WIPO Private international Law forum.

61. A provisional text of the Convention on exclusive choice of court agreements is available at http://www.hcch.net/index_en.php?act=conventions.pdf&cid=98.

brought for breach of that contract." Therefore, it is unlikely that the present situation will change in the near future, even more so since the Convention still needs to be ratified.

Recognition and enforcement of judgements adopted by the Alicante CTM and CD Court in a third State present two problems: (1) the lack of relevant bilateral agreements signed by Spain and (2) the possibility that the jurisdiction of the Spanish specialised court might be considered "exorbitant" in third countries.

1. Lack of Bilateral Agreements on Recognition and Enforcement Signed by Spain With Third Countries

In principle, recognition and enforcement in third countries of judgements concerning the validity and infringement of a CTM or a CD are governed by the rules provided by the country where recognition is sought. Those rules can entail long, burdensome proceedings, full of formalities that obstruct a quick and adequate redress of the interests of the CTM or CD owner.

In many cases, the Member State whose courts have issued the judgement and the third country where recognition is sought have signed an international agreement. If that is so, the proceeding will be much easier, due to the quasi-automatic enforcement systems established by such agreements. The mechanisms provided in those instruments vary, but in certain cases they are similar to those established by Regulation 44/2001. Insofar as formalities are reduced, the necessary time of enforcement is shortened.

Therefore, litigants must take into consideration whether bilateral or multilateral agreements exist between the Member State where they plan to initiate proceedings and the third country where the defendant has its domicile or assets.

Spain has ratified twelve bilateral agreements with Colombia, Mexico, Israel, Brazil, China, Bulgaria, the Russian Federation, Morocco, Uruguay, Romania, El Salvador and Tunisia.⁶² With the exception of China and Russia, these agreements are of little relevance. Statistics show that "potential infringers" of CTMs and CDs are not usually established in those countries.⁶³

62. These agreements are available at <http://www.lanzadera.com/accursio>. Other agreements signed with Member States and with Contracting States of the Lugano Convention are not included in this overview.

63. For the purpose of this article, "potential infringers" mean non-EU companies with sufficient capacity to develop their economic activities worldwide and, in particular, in the EU market. These are the only companies that could infringe a CTM or a CD in the EU territory.

With respect to China, the Alicante CTM and CD Court is a good forum to start proceedings against persons who are domiciled in that country, where many products infringing CTMs or CDs are produced. One can presume that the bilateral agreement between Spain and China should facilitate the recognition and enforcement of the judgements of the Alicante CTM and CD Court in China.

In comparison with other Member States, Spain has signed an average number of bilateral agreements with third countries. For example, Germany has only concluded two of these agreements with Israel and Tunisia.⁶⁴ Greece has ratified conventions with Yugoslavia, Armenia, Albania, Bulgaria, Georgia, Lebanon, the Russian Federation, Romania, Syria, Tunisia and China.⁶⁵ France has ratified 28 agreements, including with Latin American countries (Brazil, Uruguay and Argentina), Central Europe (Serbia and Montenegro and Romania), Africa (Morocco, Burkina Faso, Mauritania, Mali, Gabon, Algeria, Tunisia, Camerun, Nigeria, Togo, etc.), and the Middle East (United Arab Emirates).⁶⁶ None of these countries seems to be home to a substantial number of "potential infringers" of CTMs and CDs. The United Kingdom has ratified very few bilateral agreements (with Israel, Surinam, Tonga, Australia and Canada),⁶⁷ but its practical interest is higher because two of these countries may be the domicile of many "potential infringers" of CTMs and CDs: Australia and Canada.

None of the Member States has ratified a bilateral agreement on recognition and enforcement with the third country where more "potential infringers" are established: the United States. Among the reasons for the lack of bilateral agreements are the federal nature of the American legal order and the sensibility of the United States concerning the local control of the administration of justice.⁶⁸ The Hague Convention on Jurisdiction and Foreign Judgements would have been the first to establish a unified system of enforcement between the United States and the EU Member States.

The lack of relevant bilateral agreements between Spain and third countries may dissuade CTM and CD litigants from choosing the Alicante CTM and CD Court to initiate proceedings because of the difficulties they may encounter in executing the judgement in such third countries. However, the situation of Spain is not worse than that of the rest of the Member States. Nevertheless, in order

64. *Bundesgesetzblatt* 1980 I, 925 and 1969 II, 889.

65. Available online at <http://www.ministryofjustice.gr/eu2003/indexENG.php>.

66. See Bernard Audit, *Droit international privé*, 421 (3d ed. 2000).

67. These agreements are available online at <http://www.fco.gov.uk>.

68. Arthur T. von Mehren, *Recognition of United States Judgments Abroad and Foreign Judgments in the United States*, 57 *Rabels Zeitschrift für ausländisches und internationales Privatrecht*, 451 (1993).

to improve the competitive position of the Alicante CTM and CD Court, the ratification of new agreements is desirable with countries where "potential infringers" of CTMs and CDs are likely to be found. This solution is certainly not within easy reach.

On the one hand, negotiation of bilateral or multilateral agreements can take a long time. As an example, work on The Hague Convention on Jurisdiction and Foreign Judgments started in the 1970s and was resumed in 1996. Up until today, the less ambitious Final Text has still not been agreed on.

On the other hand, there is a legal obstacle: with the entry into force of Regulation 44/2001, it is unlikely that Spain can individually negotiate bilateral agreements for the recognition and enforcement of judgements in civil and commercial matters. While Article 57(1) of the Brussels Convention states that "[t]his Convention shall not affect any conventions to which the Contracting States *are or will be parties* and which, in relation to particular matters, govern jurisdiction or the recognition or enforcement of judgments," the new Article 71(1) establishes that "the Regulation shall not affect any convention to which the Member States *are parties* and which in relation to particular matters, govern jurisdiction or the recognition or enforcement of judgments." In our opinion, this provision implicitly prevents the Member States from negotiating agreements for the recognition of judgements in civil and commercial matters in the future.

Confirmation of this interpretation by the ECJ⁶⁹ would have implications on the negotiations in The Hague Conference. Once the EU is admitted as a Member of the Conference, the European Commission will negotiate on its behalf with twenty-six votes (one per each Member State plus one for the EU).⁷⁰ The strength of the Union to impose its positions will therefore increase. Because of this leverage, there are still chances that the work on the Convention will be resumed. Consequently, a simplified worldwide system for the enforcement of intellectual property judgements is still possible.

69. The Council of Ministers has asked the ECJ for an Opinion on this question (see Doc CIV 5852/03 JUSTCIV 12). It should be established whether the competence to ratify international agreements on jurisdiction, recognition and enforcement of decisions in civil and commercial matters falls exclusively under the competence of the European Union or whether member States still have (shared) competences on this matter and, consequently, are able to unilaterally negotiate these agreements.

70. See Charles T. Kotuby, *External Competence of the European Community in the Hague Conference of Private International Law: Community Harmonization and Worldwide Unification*, Netherlands International Law Review 1 (2001).

2. Exorbitant Character of the Jurisdiction of the Court of Alicante

"Exorbitant rules of jurisdiction" are those in which national courts gain jurisdiction in situations with a very weak connection with the legal system providing the rules.⁷¹

In such cases, these courts are not considered to be the most appropriate to hear the case due to their lack of connection with the elements of the case. Furthermore, exorbitant forums can violate defendants' due process rights when, without justification, defendants are not allowed to litigate before the courts of their domicile and must defend themselves before the courts of a foreign country with a minimum connection to the case and in accordance with laws with which they are unfamiliar.

States are free to grant their courts as much jurisdiction as they desire. There is no international obligation that limits the possibility of establishing "exorbitant rules of competence." Many examples of these kind of rules are found in comparative law: French courts can gain jurisdiction as long as the plaintiff is a French national (Article 14 of the French Code Civil), English courts are competent in international situations when the claim has been served in the English territory during a temporary presence of the defendant in this territory (*forum arresti*) and Swiss courts gain jurisdiction if the defendant owns any assets in Switzerland (*forum patrimonii* under Article 4 of the Private International Law Act of 1987⁷²).

However, the application of "exorbitant rules of competence" are usually sanctioned by international agreements or by the national rules on recognition and enforcement adopted in other countries. States might reject the recognition of foreign decisions when the courts of the state of origin gained jurisdiction on the basis of exorbitant rules if it is determined that the exercise of jurisdiction violates defendant's right to a fair trial.

This circumstance implies a serious problem for recognition and enforcement in third non-EU countries of the decisions of the Alicante CTM and CD Court. When the court obtains jurisdiction on the basis of the plaintiff having its domicile or establishment in Spain (Article 93(2) CTMR or Article 82(2) CDR) or on the basis of none of the parties having its domicile or establishment in the EU (Article 93(3) CMTR or Article 82(3) CDR), the connection of the dispute with the court is certainly very weak. It is therefore possible that the third non-EU country where the judgement's enforcement is sought will reject its recognition and enforcement

71. See José Carlos Fernandez Rozas y Sixto Sanchez Lorenzo, *Derecho internacional privado*, 89 (3d ed. 2004).

72. The text in English is available at <http://www.uaipit.com>.

on the ground that the Alicante CTM and CD Court's jurisdiction was exorbitant.

This will be the outcome when the decision has to be enforced in the majority of the third countries with whom Spain has entered into a bilateral agreement. According to these agreements, for the recognition of the judgement, the court of origin must have declared its jurisdiction in accordance with one of the criteria listed in the bilateral agreement,⁷³ and none of the rules of jurisdiction of the CTMR and CDR mentioned in the above example are included in such lists.⁷⁴ This is a striking circumstance due to the fact that, knowing that Spanish courts could have jurisdiction in these cases, the Spanish Government could and should have negotiated the inclusion of such jurisdictional criteria in the lists attached to the bilateral agreements signed after OHIM formally started to work on April 1, 1996.

When the judgement has to be recognised in a third state that has not signed a bilateral agreement with Spain, the situation can be even worse. The use of exorbitant rules of jurisdiction is usually penalized, according to national rules on recognition and enforcement, with the denial of the recognition of the judgement. This will occur when it can be shown that the lack of connection between the case and the court seized with jurisdiction constituted a violation of the defendant's right of defence in trial. For example, this is the case in Venezuela,⁷⁵ Brazil,⁷⁶ Mexico⁷⁷ and the United States. In the United States, a foreign judgement that rests on an unreasonable jurisdictional basis violates the due process clause of the 14th Amendment of the U.S. Constitution and will, if challenged, be set aside.⁷⁸

Therefore, the position of the Alicante CTM and CD Court in forum shopping situations, when the future judgement will have to be executed in a third country, needs to be examined and compared with more favourable choices provided by other Member

73. For instance, Article 11(d) of the Agreement with Mexico, Article 4(1) of the Agreement with Israel, Article 19(a) of the Agreement with Brazil, Article 22(1) of the Agreement with China and Article 18(4) of the Agreement with the Russian Federation.

74. For instance, Article 4 of the Agreement with Mexico, Article 3 of the Agreement with Israel, Article 17 of the Agreement with Brazil, Article 21 of the Agreement with China and Article 19 of the Agreement with the Russian Federation.

75. Article 53(4) and (5) of the Private International Law of Venezuela (*Gaceta Oficial* No. 36.511, 6 August 1998), available at <http://www.uaipit.com>.

76. Article 217(I) of the *Regimento interno do Supremo Tribunal Federal*, available at <http://www.uaipit.com>.

77. Article 564 of the *Código Federal de procedimientos civiles* (consolidated version in *Diario oficial de la Federación*, 13 June 2003).

78. von Mehren, *supra* note 59 at 453.

States' courts. This is even more the case where bilateral agreements or national rules allow the recognition and enforcement of judgements on non-contractual claims when the court of origin has exercised jurisdiction based on harmful acts having been committed in the territory of such court's state (*forum commissi delicti*) or on the basis of the defendant being domiciled in such state.⁷⁹

For these reasons, instead of bringing proceedings before the Alicante CTM and CD Court, litigants may presumably be more tempted to (a) bring proceedings in the *forum commissi delicti* pursuant to Article 93(5) CTMR or Article 82(5) CDR, or (b) file a complaint against a person domiciled within the EU who has acted on behalf of an infringer domiciled outside the EU. For instance, the plaintiff can file its lawsuit against the distributor of goods or services in the EU territory incorporating the infringing trade mark or design.

Finally, it must be mentioned that the exorbitant character of the rules of jurisdiction also creates problems in the framework of the Lugano Convention. Aside from the exceptional cases listed in Article 28 of the Convention,⁸⁰ when the decision is to be recognised by courts of a signatory state, the jurisdiction of the court of origin cannot be questioned even if it has been founded on exorbitant grounds. Therefore, the EFTA countries are obliged to recognise and enforce decisions adopted by Community Trade Mark and Design Courts of the Member States that have jurisdiction on the basis of Articles 93(2) and 93(3) of the CTMR and Articles 82(2) and 82(3) of the CDR against persons domiciled in their territories.

Scholars identify this circumstance as a "flagrant failure to section 2 of Protocol No. 3 regarding the application of Article 57 of the Lugano Convention."⁸¹ This provision establishes that "if one Contracting State is of the opinion that a provision contained in an act of the institutions of the European Communities is incompatible with the Convention, the Contracting States shall promptly consider amending the Convention pursuant to Article 66, without prejudice to the procedure established by Protocol 2." Furthermore, it should be considered that the EU institutions

79. In this sense, see the provisions listed *supra* note 74.

80. "A judgement shall not be recognized if it conflicts with the provisions of Sections 3, 4 or 5 of Title II or in a case provided for in Article 59. A judgement may furthermore be refused recognition in any case provided for in Article 54B (3) or 57 (4). [...] Subject to these provisions of the first and second paragraphs, the jurisdiction of the court of the State of origin may not be reviewed; the test of public policy referred to in Article 27 (1) may not be applied to the rules relating to jurisdiction."

81. See Real, *Comentarios a los Arts. 90 y ss*, *supra* note 6 at 860.

have not complied with their obligation⁸² to adopt all the necessary measures to guarantee the respect of the rules contained in the Lugano Convention. A reform of this Convention is desirable in order to bring it into line with this Declaration.

V. CONCLUSION

The great expectations of academics and practitioners of law when the Alicante CTM and CD Court began to function have been met with a considerable volume of activity by both instances of the court. CTM and CD rights owners are more actively initiating proceedings before the Court than before the national courts in the years prior to the creation of the CTM and CD Court.

In general, the system established by the Regulations confers on the Alicante CTM and CD Court a central role among the other Member States' courts, in light of its residual jurisdiction to hear cases where non-EU litigants are involved. In these cases, contrary to the rest of the Member States' Community Trade Mark and Design Courts, it may hear and decide cases involving acts of infringement threatened or committed in all the EU territory. Nevertheless, it has become apparent that the effectiveness of the court and its real capacity for attracting international jurisdiction depend on how the relevant factors at the national level work in the system as a whole designed by the Regulations. These factors are both organizational and legal.

On an empirical level, certain problems that normally affect the exercise of Spanish jurisdiction do not appear to influence the Alicante CTM and CD Court. In particular, the small but interesting body of case law demonstrates that the court has been able to exercise both speed in the length of the ordinary proceedings and flexibility in the adoption of provisional and precautionary measures. Further, the specialization on intellectual property law of the members of the court has enhanced its quality and has reinforced the predictability of its decisions.

However, as we have shown in this article, there are several other aspects that suggest that the Alicante CTM and CD Court is not always an adequate forum in which to file a complaint in forum shopping situations. On the one hand, a uniform interpretation of the Spanish conflict-of-laws rule on intellectual property rights has not yet been given at the court level. This uniformity would help to provide the legal certainty that CTM and CD owners deserve when they seize a court with jurisdiction since they need to know in advance what the applicable law will be

82. This is stated in Declaration No. 1 of the Government representatives of the Lugano Convention signatory states that are members of the EU.

regarding questions excluded from the scope of the CTMR and CDR.

Furthermore, in forum shopping situations, where the resulting judgement will need to be executed in a non-EU or non-EFTA country, the Alicante CTM and CD Court may not be the most favourable forum in comparison with the courts of the *forum commissi delicti*: recognition and enforcement will probably be denied if the Alicante CTM and CD Court has assumed jurisdiction on the basis of Articles 93(2) and 93(3) of the CTMR and Articles 82(2) and 82(3) of the CDR, since the country of execution is likely to consider these rules of jurisdiction as being exorbitant.

Unfortunately, it is not yet possible to cite any case involving non-EU parties in which the Alicante CTM and CD Court gained jurisdiction on the basis of Article 93(3) CTMR or 82(3) CDR, but it is likely that the way the court will work in these cases will partly determine the appreciation of the system by CTM and CD owners outside the EU. In fact, the existence of a well-working court will enhance the reliance of non-EU applicants on the CTM and CD systems as it will demonstrate the solidity of these rights when an infringement is committed against them. For this reason, it is even more important to adopt corrective measures as a counterbalance to the disadvantages that may face CTM and CD owners before the court.

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Vol. 95

November-December, 2005

No. 6